

MINUTES OF THE
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE
THURSDAY, FEBRUARY 12, 2009, 2:00 P.M.
Room W020, House Building, State Capitol Complex

Members Present: Sen. John Valentine, Co-Chair
 Rep. Kory M. Holdaway, Co-Chair
 Sen. Gregory S. Bell
 Sen. Ross I. Romero
 Sen. Stephen H. Urquhart
 Rep. Trisha S. Beck
 Rep. Melvin R. Brown
 Rep. Bradley M. Daw
 Rep. Kay L. McIff
 Rep. Carol Spackman Moss
 Rep. C. Brent Wallis
 Rep. R. Curt Webb
 Rep. Mark A. Wheatley

Members Excused: Rep. Evan J. Vickers

Staff Present: Spencer Pratt, Fiscal Manager
 Lorna Wells, Secretary

Public Speakers Present: Commissioner William A. Sederburg
 Associate Commissioner David Buhler
 Pres. Cynthia Bioteau, Salt Lake Community College
 Pres. Richard White, Utah College of Applied Technology
 Mr. Mike Peterson, Executive Director, UEN

A list of visitors and a copy of handouts are filed with the committee minutes.

1. Call to Order—Committee Co-Chair Holdaway called the meeting to order at 2:30 p.m.
Representative Holdaway wanted to make sure that everyone in the audience knew that no one on the Subcommittee was looking forward to the cuts that had to be made to Higher Education. The budget has to be balanced and the task of the Subcommittee is to determine how to make the cuts necessary to keep the budget in balance.
2. Committee Discussion and Final voting on Higher Education Budgets for FY 2009 & FY 2010
Mr. Pratt stated that the total FY 2010 Base Budget is \$1,221,631,100. The top three funds General, Uniform School Fund, Education Fund are traditionally subtotaled and called State Tax Funds. The State Tax Funds total \$752,680,900. This reflects the 4 percent cut that were made in September and the approximately 7.2 percent cut made last week. This is approximately 89% of the original FY 2009 original budget. In December 2008, the Executive Appropriations Committee authorized an 85 percent base budget of the State Tax Funds. The instructions for this Subcommittee were to make additional reductions from \$1,221,631,100 down to 85 percent. This would require an additional reduction of around 7.5 percent. Line 27 shows the ongoing FY 2009 budget of \$752,680,900. This is the amount after the two reductions made. The additional cuts are shown on Line 32. The total amount of this reduction is \$62,558,500. The FY 2010 revised state funds base of \$690,122,400 is shown on Line 33. The Subcommittee will need to pass the budget of \$1.2 billion and then prioritize reductions in the amount of \$62.5 million dollars.

Sen. Romero, Rep. Brown, and Rep. Holdaway asked for clarification on the numbers and percentage cuts.

Mr. Pratt explained that there was a 4.0 percent cut authorized in the September Session. All of the additional reductions are from that new starting point. He stated that the 85 percent target number is after the 4.0 percent cut was already made. H.B. 3, which was passed in January, cut approximately 7 - 7.5 percent, which means there is an additional 7.5 percent in order to get to the 85 percent target. Mr. Pratt explained that this is approximately a 19 percent total cut from March 2008.

Sen. Romero asked if this Subcommittee can make motions to the EAC regarding bonding, Rainy Day Funds and other revenue sources to reduce these cuts. Rep. Wheatley agreed with this.

Rep. Holdaway said that in terms of the overall budget, the Subcommittee has to adhere to the motion passed by the EAC which is an 85 percent cut. He explained that this Subcommittee can make other motions and recommendations to the EAC.

MOTION: Sen Valentine moved to approve the FY 2010 ongoing budget for Higher Education in the amount of \$1,221,631,100 with funding sources as follows:

General Fund	383,156,000
Uniform School Fund	32,590,100
Education Fund	336,934,800
Federal Funds	6,329,800
Dedicated Credits	415,225,400
Dedicated Credits - Land Grant	1,108,500
Federal Mineral Lease	1,745,800
GFR - Cigarette Tax Restricted	4,284,500
GFR - Land Exchange Distribution Account	298,800
GFR - Prison Telephone Surcharge	1,000,000
GFR - Tobacco Settlement	4,000,000
Transfers	33,000
Transfers - CCJJ	34,500
Beginning Nonlapsing	50,376,069
Closing Nonlapsing	-15,486,169
Total	<u>1,221,631,100</u>

Reps. Moss and Webb asked for clarification about the motions and procedures for the meeting.

The motion passed unanimously.

MOTION: Sen Valentine made the motion to prioritize additional reductions in the amount of \$62,558,500 from the FY 2010 base to achieve an 85% budget approved in the December 2008 Executive Appropriations Committee meeting, such reductions being made pro rata in the various institutions, programs and line items of the Higher Education Subcommittee budgets as shown on the spreadsheet showing such reductions.

Reps. Beck, Wheatley, McIff asked for clarification on this motion.

The motion passed unanimously.

Commissioner Sederburg expressed gratitude for the advocacy of this committee, and he is aware that the committee has a hard time accepting the motions just passed. The Board of Regents proposed collapsing the Board of Regents eleven line items into five items. This will provide the Board of Regents with flexibility to make programmatic adjustments within each of the line items to reflect the reality of the 2010 budget cuts, and to ensure that dollars are spent in alignment with state policy objectives.

Commissioner Sederburg gave a summary of the budget changes:

- 1) Transfer \$1.9 million of on-going funding from UCOPE to the Regents' Scholarship and Utah Scholars Initiative including scholarships, administrative support, and outreach.
- 2) Board of Regents imposes a 0.5% increase in first tier tuition dedicated to student financial aid at each institution (resulting in \$1.9 million of funding) to replace funds shifted from UCOPE.
- 3) Jobs Now--appropriate UCAT's two-thirds directly to UCAT. Retool the SBR portion of Jobs Now for innovative economic development policy initiatives and partnerships.
- 4) The funds in the current base-budget for Regents Scholarship would be targeted for system-wide articulation, retention and completion.
- 5) Engineering Initiative - \$250,000 one-time funded by a one-time carry-forward balances.
- 6) Shift Utah Electronic College to concurrent enrollment staffing and coordination.
- 7) Board of Regents has flexibility to reprioritize and make adjustments within each of the five new line items.
- 8) A commitment from the Legislature to not shift other budgetary items to be funded through 1st-tier tuition.

Rep. Moss asked about clarification on UCOPE and in collapsing 11 line items down to 5.

Mr. Buhler explained that UCOPE is the Utah Centennial Opportunity Program for Education, or need based financial aid.

Rep. Wheatley asked if these changes would be impact any bills that are currently being considered in the House or Senate.

Mr. Pratt explained that if this is the revised structure, the budget would fall into this structure. If a bill were to pass throughout the session with fiscal impact, it would be reflected in the Bill of Bills.

Rep. Holdaway indicated that there would be a need for some statutory change in language. Rep. Holdaway has a bill file to grant some flexibility to institutions.

Sen. Romero asked for clarification on the first-tier and second-tier tuition.

Commissioner Sederburg said that the first-tier covers statewide needs; second-tier is up to each individual institution. The Board of Regents will enact first-tier tuition in March after the Legislative session ends. The second-tier will vary by institution. However, the Presidents of each institution have a strong interest in keeping tuition increases as low as possible.

Rep. Webb asked for clarification on the Board of Regents proposal.

Rep. Brown asked if this re-tooling cuts any current programs.

Commissioner Sederburg explained that all current programs are placed in a specific category, but the emphasis to recognize economic development as a high priority has not specifically been identified as a specific policy statement.

MOTION: Sen. Valentine made the motion to approve the FY 2010 reorganization of the State Board of Regents' current 11 line items to five line items as follows:

- 1) Administration
- 2) Student Assistance (Regents' Scholarship, Student Aid, Minority Scholarships, Tuition Assistance, New Century Scholarships, Utah Centennial Opportunity Program for Education, Western Interstate Commission for Higher Education, T.H. Bell Scholarship Program)
- 3) Student Support (Prison Recidivism, Services for Hearing Impaired Students, Concurrent Enrollment Coordination, Articulation Support, Campus Compact)
- 4) Technology (Higher Education Technology Initiative, Utah Academic Library Consortium)
- 5) Economic Development (Engineering Initiative, Engineering Loan Repayment, Economic Development Initiatives)

The motion passed unanimously

Sen. Valentine reported that the co-chairs will be carrying a bill dealing with the statutory changes that will codify this reorganization.

MOTION: Sen. Valentine moved that the FY 2010 base funding remaining for the Utah Electronic College be transferred for the coordination of Concurrent Enrollment. He also moved that the Utah Electronic College be allowed to continue to the extent that it can generate its own funding.

Rep. Daw asked how this motion would impact the Utah Electronic College.

Rep. Holdaway answered that this would mean that the Utah Electronic College will have to be self-sustaining in terms of funding.

The motion passed unanimously.

MOTION: Sen. Valentine moved to approve the FY 2010 budget reallocations for the State Board of Regents' line items, in addition to those previously approved as follows:

Regents' Scholarship	1,636,200
Utah Centennial Opportunity Program for Education	(1,900,000)
Jobs Now Initiative	(249,500)
Articulation Support	263,800
Economic Development	249,500

The motion passed unanimously.

MOTION: Sen. Valentine moved that the Legislature go on record supporting the Board of Regents approving a 0.5% increase in first-tier tuition to be used by the colleges and universities for student financial aid to replace the \$1,900,000 reduced from the UCOPE budget.

The motion passed unanimously.

MOTION: Sen. Valentine moved the following FY 2010 Budget Transfer: to transfer \$499,000 from the State Board of Regents' Jobs Now Initiative line item to the Utah College of Applied Technology Administration line item.

The motion passed unanimously.

MOTION: Sen. Valentine moved the following FY 2010 One-time Budget Adjustment: a one-time appropriation of \$250,000 from nonlapsing balances in the Board of Regents' line items to the Engineering Initiative.

The motion passed unanimously.

MOTION: Sen. Valentine moved the following FY 2010 One-time Budget Adjustment: a one-time FY 2010 budget reduction for the Utah System of Higher Education in the amount of \$1,426,500 to reflect the deferred Operations and Maintenance costs for the Snow College Library and the University of Utah Museum of Natural History as explained in the Issue Brief "USHE New Facilities O & M", Page 4.

The motion passed unanimously.

MOTION: Sen. Valentine moved the following FY 2010 Budget Adjustment: FY 2010 budget reallocations for the University of Utah, Utah State University, and Dixie State College, for the budget reductions approved in the September 2008 Special Session, as explained in the Issue Brief "USHE Reallocations", Pages 1 and 2.

The motion passed unanimously.

MOTION: Sen. Valentine moved to approve the following FY 2010 Budget Adjustment: FY 2010 budget reallocations for Utah State University to move funding between the Education and General, Brigham City Continuing Education Center, and Tooele Continuing Education Center line items, as explained in the Issue Brief "USHE Reallocations Page 3.

The motion passed unanimously.

MOTION: Sen. Valentine moved to make the following FY 2010 Budget Adjustment: FY 2010 budget reallocations for the State Board of Regents' line items for the budget reductions approved in the September 2008 Special Session, as follows:

Administration	1,123,900
Prison Recidivism	(21,700)
Services for Hearing Impaired Students	(40,600)
Regents' Scholarship	(36,200)
Campus Compact	(4,100)
Student Financial Aid	(159,700)
Engineering Loan Repayment Program	(2,000)
Minority Scholarships	(1,900)
Tuition Assistance	(1,900)
New Century Scholarships	(86,400)

Utah Centennial Opportunity Program for Education	(201,600)
Western Interstate Commission for Higher Education	(41,500)
T.H. Bell Scholarship Program	(73,900)
Higher Education Technology Initiative	(260,100)
Jobs Now Initiative	(40,600)
Utah Electronic College	(22,600)
Utah Academic Library Consortium	(129,100)

The motion passed unanimously.

MOTION: Sen. Valentine moved to not approve the expansion of the University of Utah's fleet as requested for FY 2010.

Sen. Valentine stated that many of the institutions wanted to have fleet expansions. Even though this was a reasonable request, during a difficult budget year it is important to hold all fleet expansions.

Sen. Romero asked what was the amount requested?

Mr. Pratt answered that there were 18 cars requested; 13 in public safety and 5 in other areas.

Sen. Valentine stated that no additional funding was requested. The funding would be made from other resources. The request was for authorization to expand the fleet.

The motion passed with one nay vote made by Sen. Romero.

MOTION: Sen. Valentine moved the following FY 2010 Budget Adjustment: a one-time FY 2010 budget reduction for the Utah College of Applied Technology in the amount of \$19,400 to reflect the deferred Operations and Maintenance costs for the Uintah Basin ATC's Vernal Building, as explained in the Issue Brief "UCAT New Facilities O & M", Page 2.

Rep. Wallis reported that it was his understanding that some of the money for this reduction has already been spent.

Pres. White answered that some of this money has already been spent. The President of Uintah Basin's ATC would have to use other funds within this institution in order to return the funds that have been spent.

Rep. Wallis said that the money has been used for materials that are not normally listed under this category. As a point of information for this Subcommittee, this means this reduction is a "double-hit" for the Uintah Basin ATC.

The motion passed unanimously.

MOTION: Sen. Valentine moved to approve the following FY 2009 One-time Budget Adjustment: a one-time FY budget reduction for the Utah College of Applied Technology in the amount of \$231,800 to reflect the deferred Operations and Maintenance costs for the Uintah Basin ATC's Vernal Building and the Davis ATC's Technology Building, as explained in the Issue Brief "UCAT New Facilities O & M", Page 2.

The motion passed unanimously.

MOTION: Rep. Wheatley made the motion that the Higher Education Appropriations Subcommittee go on record requesting that the Executive Appropriations Committee use Rainy Day funds and bonding to provide add-backs to some of the cuts made for the FY 2010 budget.

Sen. Valentine asked for clarification that this is a motion for a general philosophy, not a specific dollar amount.

The motion passed unanimously.

MOTION: Rep. Daw made the motion to adopt the following intent language:

The Legislature intends that career and technology education, provided by the Utah System of Higher Education or by the Utah College of Applied Technology, not expand programs if similar programs are offered by private sector providers in the service area. If programs already exist, the Legislature intends that partnerships be formed between USHE or UCAT career and technology education and the private sector providers. The Legislature intends that career and technology education providers report the development and performance of such partnerships to the Higher Education Appropriations Subcommittee during the 2010 General Session.

Sen. Romero asked for clarification about this motion, is the motion UCAT would not be allowed to have programs where there is something available in private industry.

Rep. Daw explained that this motion is permission and the intent is to encourage UCAT and USHE to work with private industry to see that there is no overlap and to see if they could form partnerships. The intent is not to be restrictive.

Rep. Wallis asked how far reaching the intent would be, would the intent require USHE institutions to consider schools such as the University of Phoenix and all private institutions that cover a wide spectrum of programs.

Rep. Daw said the intent was directed towards CTE scenarios, not liberal arts, but USHE institutions that offer CTE programs would be part of this.

Rep. Moss asked if the motion is directed more to Barbering and Cosmetology rather than fields such as automobile mechanics.

Rep. Daw stated that this would be for programs where there is direct duplication occurring with UCAT and USHE and private institutions.

Sen. Romero spoke in opposition to this motion. He would prefer that there be a study or review of these programs, rather than requires a study, collaboration and a report.

SUBSTITUTE MOTION: Rep. McIff moved to make the following substitute motion:

The Legislature intends that career and technology education, provided by the Utah System of Higher Education or by the Utah College of Applied Technology, **not cooperate with the private sector in expanding** programs if similar programs are offered by private sector providers in the service area. If

programs already exist, the Legislature ~~intends that partnerships be formed~~ **favors formation of partnerships** between USHE or UCAT career and technology education and the private sector providers. The Legislature intends that career and technology education providers report the development and performance of such partnerships to the Higher Education Appropriations Subcommittee during the 2010 General Session.

Rep Daw agreed to the substitute motion.

Sen. Romero, Rep. Webb, Rep. Wallis, and Sen. Bell asked for clarification on the motion.

Rep. McIff answered that the intent is, that if expansion is going to occur, it should be done to foster cooperation with the private sector and to avoid duplication.

Rep. Daw agreed that when higher education duplicates programs that are readily available in the private sector, this is not the best use of state dollars.

Pres. Bioteau, Salt Lake Community College, reported that this motion makes a great deal of sense for specific programs, such as Barbering and Cosmetology, where there is a predominance of qualified and easily accessible private institutions. Pres. Bioteau cautioned the Subcommittee that CTE is a very broad program which would include nursing, allied health, business, biotechnology, and any career or technical program. Private schools may offer these programs, but they are not always quality, accredited programs, nor are they financially accessible for students.

Pres. White, UCAT, reported that this would be a very challenging task. There are possibly 77 programs that have competition from private industry training. UCAT would do the best they could to cooperate, but it would be very difficult.

Rep. Moss agreed that private education is much more expensive, but she expressed concern about accreditation. She suggested that the committee should take more time to consider this action.

The motion passed in the House and the Senate; with the following votes:

Sen. Valentine, Sen. Bell, Sen. Urquhart , Rep. Brown, Rep. Daw, Rep. Holdaway, Rep. McIff, Rep. Wallis voted in favor of the motion.

Sen. Romero, Rep. Beck, Rep. Moss, Rep. Webb, and Rep. Wheatley voted against the motion.

MOTION: Rep. Brown made the motion that if additional funds beyond those approved today are made available, that the Higher Education Appropriations Subcommittee be allowed to prioritize the expenditure of those funds.

Rep. Brown, Rep. McIff, Sen. Romero, and Sen. Valentine spoke to this motion.

The motion carried unanimously.

MOTION: Sen. Valentine made the motion to reconsider the action dealing with intent language for Career and Technology Education.

Sen. Valentine explained that this intent language is too broad. The Subcommittee is trying to fashion a broad solution for a narrow problem.

The motion passed unanimously.

MOTION: Sen. Valentine made the motion to replace the term "career and technology education" with "cosmetology and barbering" as shown below:

The Legislature intends that ~~career and technology education~~ cosmetology and barbering education, provided by the Utah System of Higher Education or by the Utah College of Applied Technology, cooperate with the private sector in expanding programs if similar programs are offered by private sector providers in the service area. If programs already exist, the Legislature favors formation of partnerships between USHE or UCAT career and technology education and the private sector providers. The Legislature intends that career and technology education providers report the development and performance of such partnerships to the Higher Education Appropriations Subcommittee during the 2010 General Session.

The motion passed unanimously.

Co-Chair Holdaway relinquished the chair to Sen. Valentine

MOTION: Rep. Holdaway made the motion to direct the Legislative Fiscal Analyst to create a separate line item for the Utah Education Network (UEN) as follows: all legislative initiatives, network backbone funding, monies for public and higher education institutions, and other contracts and grants to be included in the line item, separate from UEN administrative and operational costs. This line item shall be called, "Utah Education Network - Network Projects and Initiatives".

Rep. Holdaway explained that this would mean that UEN has two line items: one for operational costs, and one for network technology and connectivity updates. One of the purposes is to have the Legislature recognize that there are matching revenues that come from E-Rate funds which should not be cut in order to maximize the UEN network.

Mr. Peterson stated that this proposal would have two purposes, the first would be to allow for better or more precise tracking of funding, and second to separate funding so that if there are further reductions that these two line items could be considered separately when making additional cuts.

The motion passed unanimously.

Sen. Valentine gave the Chair back to Rep. Holdaway.

MOTION: Sen. Valentine moved to adjourn.

Co-chair Holdaway adjourned the meeting at 4:00 p.m.

Minutes were reported by Lorna Wells, Secretary.